

Philippine Insurance Industry Outlook 2025

Growth Opportunities and Challenges

August 13, 2025

Executive Summary

- **Underpenetrated but Growing:** The market remains underpenetrated at ~1.89% of GDP but shows consistent growth, signaling market deepening.
- **Key Growth Drivers:** Product innovation, new digital distribution formats, and targeted financial inclusion programs are unlocking new pathways.
- **High-Growth Areas:** Microinsurance and Health Riders are expanding rapidly, especially in rural and low-income segments.
- **Challenges Ahead:** Insurers must navigate regional disparities, a persistent digital trust gap, and increasing climate-related risks.
- **Positive Outlook:** A young, urbanizing population and the rise of embedded finance support a positive medium- to long-term outlook.

Market at a Glance (2025E)

₱327 B

Total Premiums

1.89%

Insurance Penetration (% GDP)

65%

Life Premium Share

56 M

Microinsurance Lives Covered

₱27.95 T

Nominal GDP

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Key Growth Drivers (2020-2025)

Digitization & Embedded Distribution

- E-policy issuance fully legalized in 2022, enabling digital-first models.
- Embedded insurance in e-commerce & telco partnerships grew ~35-40% YoY.

Financial Inclusion Expansion

- Bank account ownership surged from 34% (2017) to 56% (2024).
- National ID (PhilSys) is accelerating microinsurance enrollment.

Resilience & Climate Awareness

- Catastrophe premiums spiked ~22% after major typhoons.
- Government subsidies for agriculture insurance are increasing.

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Market Segmentation (2025E)

- **Life Insurance (65%):** The market's backbone, dominated by VUL and term life products. It covers an estimated 14.5 million policyholders.
- **Non-Life Insurance (30%):** Driven by a mandatory motor insurance and growing property coverage needs, with ~8.2 million policyholders.
- **Microinsurance (5% by premium):** Has an outsized social footprint, providing a crucial safety net for over 50 million low-income individuals.

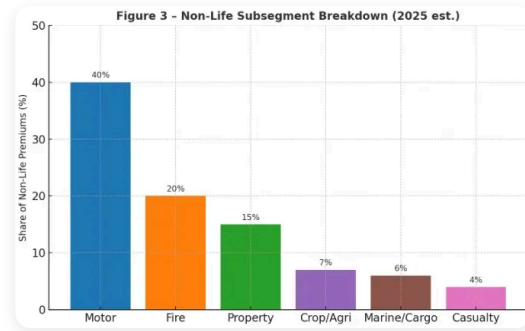


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Deep Dive: Key Insurance Segments

Life Insurance: VUL & Term

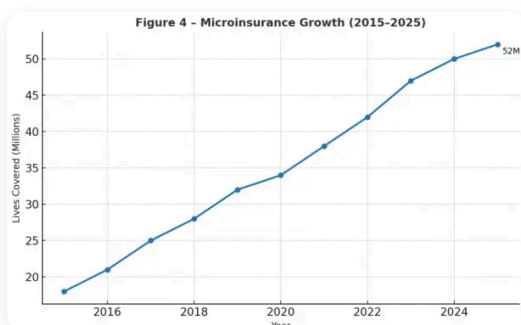
- **VUL (Variable Universal Life)** is the dominant product (~42% of life premiums), favored by the middle-class and OFWs for its investment component.
- **Term Life** is the fastest-growing product for first-time buyers and the gig economy due to its affordability.
- The **OFW segment** is a high-value market, preferring USD-denominated VULs.



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The Microinsurance Powerhouse

- **Massive Social Impact:**
Provides a critical financial safety net for over 50 million Filipinos, primarily in rural and low-income communities.
- **Community-Led Distribution:** Dominated by Mutual Benefit Associations (MBAs) and Cooperatives that leverage deep community trust for distribution.



- **Essential Products:** Focuses on affordable credit-life, personal accident, and calamity covers tailored to the needs of the most vulnerable.

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Distribution Channels are Transforming

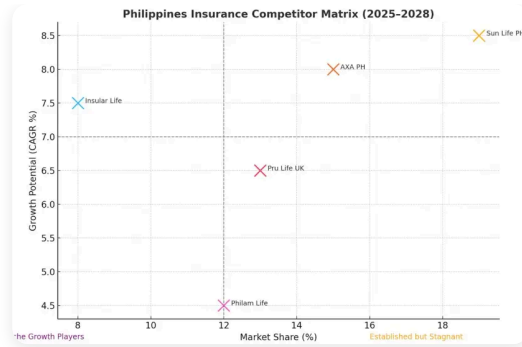
Channel	2025E Share	Trend & Outlook
Agency / Brokers	~42%	Still the lead channel for complex products, but share is declining. Moving to hybrid digital models.
Bancassurance	~31%	Strong, consistent growth driven by bank partnerships and high cross-sell efficiency.
Embedded / Affinity	~9%	Fastest-growing channel via fintech, e-commerce, and telco partnerships.
Digital Direct	~6%	Gaining traction through aggregators and insurer apps, especially for simple products.
Community-Based	~12%	Essential for rural reach (microinsurance) but has limited scalability.

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Competitive Landscape

- **Market Leaders:** Sun Life, AXA, Pru Life UK, AIA, and Insular Life collectively hold ~65% of the market.
- **Strategic Differentiation:**
 - **Sun Life:** VUL & Wellness Integration

- **AXA:** Bancassurance & AI-driven Health
- **Pru Life UK:** Gig Economy & OFW Segments
- **Disruptors:** InsurTechs like Singlife and FWD are gaining ground with agile, digital-first models and embedded finance partnerships.

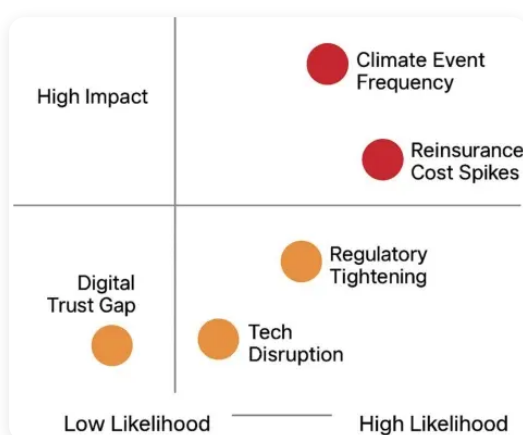


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Strategic Risks (2025-2028)

Critical Risks (High Impact, High Likelihood)

- **Climate Event Frequency:** The Philippines is the #1 disaster-prone country. Increased frequency of typhoons leads to high claims volatility and worsens reinsurance terms.
- **Reinsurance Cost Spikes:** Rising global catastrophe losses directly impact local policy costs and squeeze insurer margins.



Major Risks to Watch

- **Inflation Resurgence:**
Dampens demand for long-term savings products and can cause policy lapses.
- **Regulatory Tightening:**
Higher capital requirements and compliance costs can strain smaller players.

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Strategic Opportunities (2025-2028)

Urban Digital Insurance

Targeting **10-12 million** working-age adults with bank access but no policy. High potential for bundled health and life products sold through digital channels.

Rural Microinsurance

Addressing **12-14 million** uninsured adults in high-disaster zones. Opportunity for parametric crop and property catastrophe covers distributed via community partners.

Gig & Freelancer Protection

Serving over **2.3 million** platform workers who lack employer benefits. Key products include income protection, disability, and micro-health insurance.

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Outlook & Conclusion

- **Modest Penetration Growth:** Insurance penetration is projected to rise from 1.89% in 2025 to approximately **2.07% by 2028**.
- **Digital is the Future:** Growth will be led by embedded finance, digital-first products, and hybrid distribution models that combine

agent trust with tech efficiency.

- **Product Shift:** Expect outperformance from health riders, affordable micro-VUL, and climate-resilience products.
- **The Path Forward:** The industry's outlook is positive, but success hinges on navigating climate and economic risks while building consumer trust in a rapidly digitizing world.